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FUEL OIL NEWS

- Annual Industry Study
- Supplier Directory
- Association Rollcall

A Hunter Publication

December 1987

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Cover:
This is our 10th annual attempt at producing the industry's most comprehensive directory issue, complete with listings of all the major suppliers of equipment and services used by oil heat marketers, an association roster and exclusive industry study. We hope the data provided will be helpful to the oil heating industry throughout 1988. Cover design by Craig Reuter.

FUEL OIL NEWS

December 1987 Vol. 52/No. 12

The No. 1 magazine in the oil heating industry

1988 Source Book

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The Oil Heat Industry—1987

Our 10th Annual Profile of Marketers

By George Schultz, Editor

Well, here we are again. Our 10th annual heating oil marketer analysis! The statistics herein represent many, many hours of "number crunching" made possible by the cooperation of hundreds of dealers around the country. Every year we send out our long and time-consuming questionnaire which asks literally hundreds of questions about dealer operations. Then we wait and worry about whether or not we'll get back enough completed forms to make the statistical analysis possible. And for 10 years, our dealers have not let us down, often going out of their way to provide even more details than asked, in the form of comments, explanations and so forth. In fact our random panel was so diligent this year that we began to get returns back less than one week after we sent out the questionnaires!

So, thanks to the dealers who took the time to send us the details of their operations, we are able to provide this analysis which we hope benefits the entire industry.

With 10 years of statistics to draw on, it is interesting to look back at our first study and compare it to current figures. Surprisingly, the numbers haven't changed too dramati-

TABLE 1
Type of Petroleum Sold (Percent of Readers)

	Fuel Oil	Gasoline
New England	100%	30.4%
Mid-Atlantic	100	60.0
South	100	75.0
Midwest	95.7	80.4
West	100	73.3
All Sections	99.1%	63.8%

TABLE 2
Petroleum Revenue as a Percent of Total Business Income

New England	79.8%
Mid-Atlantic	90.1
South	83.9
Midwest	78.4
West	82.6
All Sectors	83.0%

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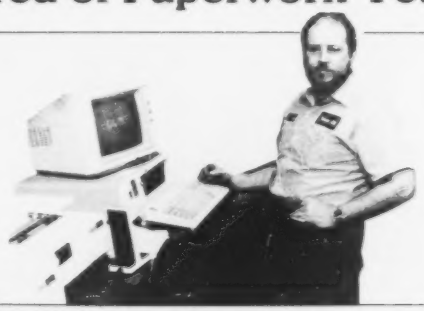

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cally, except in certain areas such as in the growth of gasoline marketing as an adjunct to the fuel oil business. In our first study back in 1978, just a bit more than half of our sample (54.4%) sold gasoline. This year, that figure has grown to 63.8% and is actually lower than last year's 72.5%.

The Sample

Table 1 is the result of one of the first questions we asked, in order to establish that we were surveying the proper firms. Virtually everyone surveyed sells heating oil (99.1%), except for a few Midwesterners. The reduction from last year in the percentage of dealers who sell gasoline has come about through losses in this category in the Midwest and South, not by fewer combination marketers in the areas that one might expect. Last year, 100% of the Southern and Midwestern dealers we surveyed said they sold gasoline either retail or wholesale, but this year, just 75% of the Southern and 80.4% in the Midwest are combo marketers.

Table 2 furthers the identification of the sample, disclosing that the sale of petroleum products accounts for 83% of all revenues derived from dealer operations. This, again, is down a bit from last year's survey, which showed that 87.2% of all revenues came from selling product. The remaining 17% of revenue generated by the dealers surveyed comes from equipment sales and service and a host of diversified business activities. It is, therefore, evident that while these non-petroleum operations certainly contribute to overhead and are essential for competitive reasons, dealers would be out of business if they had to depend on them completely. It's the old story: equipment service is a necessary evil in order to compete with the utilities. Diversification maximizes resources and provides a means to retain valuable seasonal employees year-round.

There isn't a wide swing in Table 2 between the various regions as in

TABLE 3
Sources of Business Income
(Percent of Total Business Income)

FUEL OIL

	Retail		Bulk	
	Primary	Secondary	Primary	Secondary
New England	95.7	2.2	10.9%	10.9%
Mid-Atlantic	95.3	4.7	16.3	23.3
South	80.0	15.0	35.0	25.0
Midwest	84.8	8.7	32.6	28.3
West	86.7	6.7	40.0	20.0
All Sections	88.5%	7.5%	27.0%	21.5%

GASOLINE

	Retail		Bulk	
	Primary	Secondary	Primary	Secondary
New England	8.7%	8.7%	2.2%	21.7%
Mid-Atlantic	25.6	20.9	23.3	16.6
South	30.0	30.0	45.0	15.0
Midwest	52.2	17.4	43.5	21.7
West	26.7	26.7	26.7	33.3
All Sections	28.6%	20.7%	28.1%	22.1%

TABLE 4
Petroleum Products Sold
(Percent of Total Volume)

	No. 2	No. 1	No. 4	No. 5 & 6
New England	79.1%	4.1%	*	*
Mid-Atlantic	60.8	5.2	1.3	0.9
South	46.9	11.8	1.7	3.2
Midwest	42.9	8.7	*	*
West	55.4	1.9	*	1.0
All Sections	57.0%	6.3%	0.6%	1.0%

	No. 2 for Diesel	Gasoline	LPG/LNG	Other
New England	5.5%	3.0%	3.4%	0.8%
Mid-Atlantic	12.8	15.3	1.6	*
South	10.3	23.8	*	*
Midwest	17.7	29.5	*	*
West	26.3	16.3	*	*
All Sections	14.5%	17.6%	1.0%	0.2%

*Less than .1%

Table 1. Petroleum revenue goes from a low of 78.4% in the Midwest to a high of 90.1% in the Mid-Atlantic—less than 12% difference. In Table 1, the percentage of dealers selling gasoline goes from a low of about 30% in New England to more than 80% in the Midwest. That's a great spread and vividly demonstrates the differences in the markets.

A further note regarding Table 1: last year we noted that for the first time, New England was the only region in which less than 50% of our respondents sold gasoline. Back in 1978, only the Southern and Midwestern figures were greater than 50%, while only 40% of Mid-Atlantic and 44% of Western dealers indicating that they sold gasoline. While New England has been virtually unchanged over the decade, the changes in the Mid-Atlantic and Pacific Northwest have been dramatic, as demonstrated by the 60% and 73.3% numbers, respectively, in Table 1 this year.

We can't compare Table 2 with our first study because we didn't begin to ask this particular question until two years ago (which showed that petroleum revenue represented 81.5% of total business income for all sections). So petroleum revenue has gone from a low of 81% to a high of 87% and now back down to 83%. It is interesting to note the price of fuel oil and gasoline during this three year period as it relates to the percentages in Table 2. In 1986, oil prices plummeted, driving up demand, which in turn increased dealer sales. Now that the prices have gone back up somewhat, petroleum revenue's share has shrunk.

Product Sales Detail

In Tables 3 and 4 we asked our panel to break down their petroleum product sales. First we asked whether they considered various types of product marketing primary or secondary. Granted, since we didn't define the parameters for "primary" and "secondary," every dealer used individual definitions, and what might be considered primary to one, would be secondary to someone else. Nevertheless, the overwhelming majority (88.5%) said that retail fuel oil sales were a

TABLE 5
Average Size of Business

	No. Residential Fuel Oil Accts	No. C/I Customers	Vol. Distillate	Vol. Residual	Vol. Gasoline	No. Employees
New England	1763	283	2,033,881 gal.	I.D.	2,083,000 gal.	12.7
Mid-Atlantic	1894	236	2,390,015	I.D.	2,658,333	15.2
South	1046	117	1,802,860	1,283,333	2,347,727	9.6
Midwest	638	155	1,427,143	343,125	1,833,103	9.4
West	2688	291	2,577,143	I.D.	1,433,333	12.9
All Sections	1606	208	2,046,208	542,153	2,071,099	12.0

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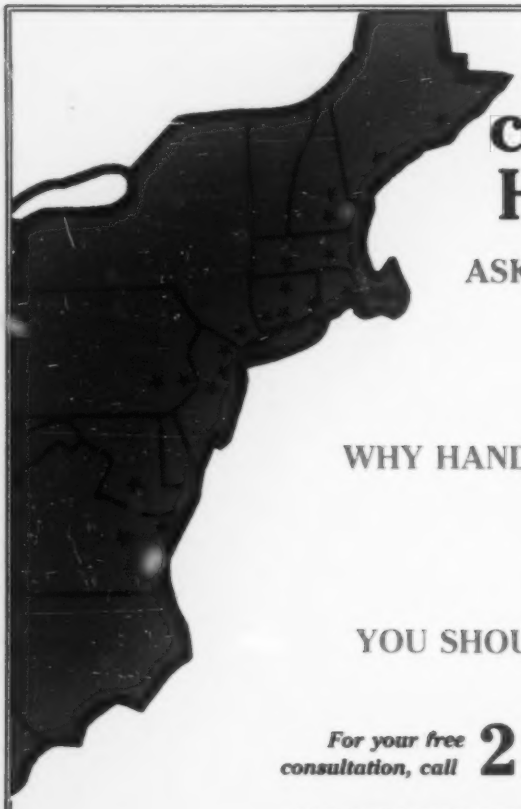

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primary source of business income, compared to just 7.5% who said such sales were secondary. About one-quarter of our respondents (27%) feel that bulk fuel oil is a primary source of business income (with another 21.5% calling it secondary).

Compare these figures with gasoline marketing, which is considered primary to only about 28% of the dealers polled. The retail and wholesale numbers are pretty equal in the gasoline categories on both the primary and secondary levels, as well as retail and bulk sales. The regional percentages ran true to form, with only a majority of Midwesterners saying that retail gasoline marketing was a primary source of business income, compared with 84.8% of the Midwesterners who considered retail fuel oil sales primary.

This question is one we've asked every year since 1978, so we can compare the results over the past decade. In Survey #1, 74.4% said retail fuel oil was a primary source of business and just 15.2% said retail gasoline was primary. About 10% said bulk fuel oil sales were primary in 1978, and 17.1% said bulk gasoline was primary. In addition to the nearly doubling of the percentage of marketers who feel retail gasoline marketing is a primary source of business income, the percentages in Mid-Atlantic, Southern and Western states have also gone up dramatically in the 10 years since we initiated this survey. Back in 1978, only 6.4% of the Mid-Atlantics called retail gasoline marketing primary, along with 12.9% of the Southern and 11.1% of the Western dealers. Today these percentages have more than doubled. Only New England shows virtually no change over the decade, with 9.2% of those in 1978 calling gasoline marketing primary, compared with 8.7% this year.

Compared to last year, the numbers are up—and down. Retail fuel oil rose from 77.8% who considered it a primary source of business income last year. Retail gasoline dropped from 39.8%. Bulk fuel oil rose from the 24.7% primary posted in 1986 and bulk gasoline dropped from 41.8% last year (primary).

Along with the rise in the share of dealers considering fuel oil as a primary source of business income has been a corresponding increase in No. 2 oil's percentage of overall volume, as shown in Table 4. Last year, dealers said No. 2 accounted for 46% of the total product sold. This year, it's up to 57%. No. 2 for diesel also showed an increase—although much less—of from 12.4% last year to 14.5% now.

These increases have come mainly at the expense of gasoline, which saw a drop in share from 32.2% in 1986 to just 17.6% this year. The other categories more or less stayed the same, and don't amount to much in the overall scheme of things anyway. This can be argued by individual dealers who may specialize in heavy oils or propane, but from the standpoint of the industry *in toto*, the percentages are small.

In 1978, No. 2 oil accounted for 58.2% of all product sold. Gasoline made up 24.4% and No. 2 for diesel, 6.7%. Diesel sales have gone up about eight points and gasoline's down about seven. It's apparent that marketers are selling more truck fuel today than 10 years ago. They're not selling it to cars since there were probably more diesel autos on the road in the late 1970's

TABLE 6
Annual Heating Oil Sales by Types of Customers
(Percent of Total Customers Served)

	Private Homes	Apts.	Educ.	Hospitals	Commercial	Industrial
New England	85.0%	3.7%	0.6%	1.7%	5.9%	1.7%
Mid-Atlantic	79.8	4.5	0.6	0.2	10.0	3.7
South	66.3	2.7	1.8	1.5	11.9	9.2
Midwest	79.2	1.4	1.0	1.2	12.3	2.5
West	71.8	4.5	1.0	1.0	17.7	1.0
All Sections	*76.4%*	*3.4%*	*1.0%*	*1.1%*	*11.6%*	*3.6%*

TABLE 7
Total Annual Company Dollar Revenues
(Percent of marketers in each category)

	Less Than $1 Million	$1-5 Mil.	$5-10 Mil.	$10-25 Mil.	$25+ Mil.
New England	29.5%	63.6%	4.5%	2.3%	*
Mid-Atlantic	21.2	42.3	11.5	3.8	7.7
South	25.0	50.0	15.0	5.0	*
Midwest	32.6	45.7	8.7	6.5	*
West	13.3	66.7	20.0	*	*
All Sectors	*24.3%*	*53.7%*	*11.9%*	*3.5%*	*1.5%*

*Less than .1%

TABLE 8
Pre-Tax Earnings
(Percent of marketers in each category)

	Less Than $50,000	$50-100,000	$100-200,000	200-500,000	$500,000+
New England	25.0%	40.6%	18.8%	6.3%	9.4%
Mid-Atlantic	36.8	34.2	13.2	10.5	5.3
South	35.0	25.0	20.0	20.0	*
Midwest	43.5	26.1	17.4	10.8	2.2
West	33.3	*	40.0	6.7	6.7
All Sectors	*36.3%*	*25.2%*	*21.9%*	*10.9%*	*4.7%*

*Less than .1%

TABLE 9
EDP Usage

	Use EDP
New England	75.6%
Mid-Atlantic	59.1
South	55.0
Midwest	60.9
West	66.7
All Sectors	*63.5%*

during the "crises" than now. As soon as gasoline became plentiful again, diesel automobiles were snubbed. So dealers are into truck stops now, selling diesel to the over-the-road boys. . .and probably consuming more themselves as well.

Volume, Customers

The average number of customers per dealer has actually grown since we first surveyed dealers in 1978, although consumption per customer is, not surprisingly, down. On our first survey, the average dealer had 1,551 residential customers, and sold them a total of about 2.4 million gallons annually. This year's survey shows a customer average of 1606, with an average distillate volume of just over 2.0 million. In 1986, the averages were 1,416 customers and 2.2 million gallons.

Consumption per customer has thus dropped from about 1,550 gals. to 1,245 gals. This doesn't take into account changes in degree days, etc., which make comparisons pretty hard (e.g., 1986 consumption per customer was nearly 1,600 gals.). The number of commercial/industrial customers has stayed pretty even when comparing this year's figures to 1986—225 then vs. 208 now. Unfortunately, we didn't ask about this class of customers on our first survey, so we can't compare the figures.

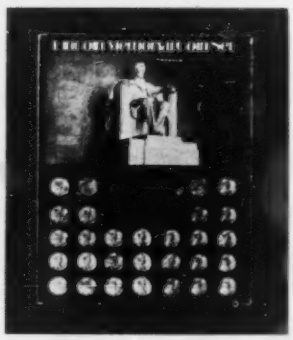
Residual fuel volume is probably the only statistic we had trouble with this year. The dealers who responded to our survey either didn't do much in heavy oils or forgot to answer this question. In several areas we simply didn't get enough numbers to crunch with statistical accuracy. Thus the overall figure dropped from 1.3 million gals. average in 1986 to just about a half-million gals. this year. This figure probably isn't at all representative of what an average dealer who sells black oil markets. Over the past 10 years, the number has held fairly close to the 1.3 million posted last year.

Gasoline volume stands at just over 2.0 million gals. this year, compared with some 2.2 million last year. Back in '78, dealers also sold

TABLE 10
Computer Applications
(Percent of marketers using EDP for listed applications)

	New England	Mid-Atlantic	South	Mid-west	West	All Sections
Accounts receiv./billing	100%	88.5%	100%	89.3%	100%	95.6%
General ledger	90.3	76.9	72.7	82.1	90.0	82.4
Accounts payable	77.4	50.0	100	53.6	70.0	70.2
Inventory reconciliation	58.1	53.8	35.0	50.0	50.0	49.4
Payroll	51.6	38.5	35.0	50.0	40.0	43.0
Excise tax reporting	38.7	50.0	30.0	21.4	40.0	41.0
Scheduling of deliveries	71.0	57.7	10.0	46.4	40.0	40.0
Fixed asset mgment.	41.9	30.8	25.0	32.1	40.0	34.0
Word processing	35.5	53.8	15.0	7.1	20.0	26.3
Pricing analysis	22.6	34.6	10.0	7.1	30.0	20.9
Tracking supplier costs	12.9	26.9	20.0	14.3	30.0	20.8
Oil price info. services	9.7	7.7	5.0	3.6	10.0	7.2
Communic. with stations	6.5	11.5	*	*	20.0	7.6

*Less than .1%



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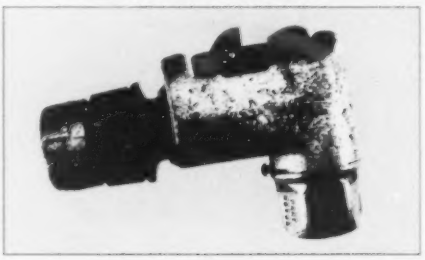

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TABLE 11
Trucks Per Marketer

	Average No. Del. Trucks	Average No. Trailers	Average Size Largest	Average Size Smallest	Optimum size Preferred
New England	4.2	1.4	3120	2337	2932
Mid-Atlantic	5.5	1.4	3045	2385	2938
South	4.2	1.3	2800	1637	2241
Midwest	2.9	1.8	2167	1806	2127
West	6.1	0.8	3034	1800	2600
All Sections	4.6	1.3	2833	1993	2568

Engines By Type

	Use			Prefer	
	Diesel	Gas	Both	Diesel	Gas
New England	43.9%	9.8%	46.3%	82.9	7.3%
Mid-Atlantic	34.1	25.0	40.9	61.4	25.0
South	5.0	40.0	45.0	55.0	30.0
Midwest	13.0	54.3	32.6	37.0	39.1
West	26.7	6.7	66.7	53.3	27.3
All Sections	24.5%	27.2%	46.3%	57.9%	25.7%

Truck Tanks By Type

	Use			Prefer	
	Steel	Alum.	Both	Steel	Alum.
New England	19.5%	24.4%	51.2%	19.5%	61.0%
Mid-Atlantic	29.5	25.0	36.4	18.2	63.6
South	60.0	5.0	35.0	35.0	50.0
Midwest	65.0	22.5	12.5	45.0	25.0
West	46.7	13.3	40.0	20.0	53.3
All Sections	44.1%	18.0%	35.0%	27.5%	50.6%

an average of 2.2 million gals. and this number hasn't changed much over the years either.

To market all this fuel, dealers employed an average of 12.0 people, according to this year's respondents. This is slightly less than last year's 13.3 employees-per-marketer. We can't say what the average was in 1978—we didn't ask that question then.

How do the regional statistics compare in Table 5? The average number of residential customers-per-dealer dropped about 600 in New England, stayed about equal for the Mid-Atlantic, dropped 200 in the South, doubled in the Midwest and jumped significantly (1,000 vs. 2,688) in the West. Commercial/industrial customers-per-dealer remained virtually identical in all areas. There is a continuing attrition in the marketplace as a result of acquisitions. Petro, of course, gets all the press, but many other dealers in other areas are buying up competitors in order to build volume, so the average number of accounts-per-dealer should be on the increase. Certainly there are a lot fewer dealers in business today than in 1978 when we performed our first market analysis. Despite this, the average number of customers on our first survey is surprisingly close to

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the figures posted this year for most regions. The Mid-Atlantic average rose from about 1,400 to nearly 1,900, which probably reflects the intense merger and acquisition going on here. However, New England had some 1,800 customers-per-dealer in 1978, compared with 1,763 today. Dealers in the Midwest had an average of 685 customers on Survey #1—and 638 in 1987. The South lost a lot—1,984 average in '78 to 1,046 in '87. The Northwest average grew from approximately 1,800 per dealer in our first survey to 2,688 per dealer here. Evidently, although this region isn't as well publicized, it too is experiencing a attrition due to mergers and acquisitions. For example, Banner Fuel Co. is said to be the "Petro of the Inland Empire" in Eastern Washington State and Northern Idaho.

Private Homes Dominate

Table 6 shows the percentage of customers in the various categories shown. As has been the case since our first survey, private homes dominate and account for more than three-quarters of all heating oil business by our respondents. The 76.4% posted by private homes this year is almost identical to the 78.2% registered in Survey #1, and about one point lower than 1986.

Few surprises emerged from any of the categories or regions. Commercial establishments maintain second place, a position which this category has held right along, followed by industrial customers then

TABLE 12
Average Age of Trucks

	Year Oldest	Year Newest
New England	1973.2	1983.9
Mid-Atlantic	1973.7	1984.5
South	1974.3	1983.3
Midwest	1974.8	1982.6
West	1969.5	1979.3
All Sections	1973.1	1982.7
	Percent Buying This Year	
	New Truck	New Tank Only
New England	41.5%	24.4%
Mid-Atlantic	25.0	15.9
South	30.0	20.0
Midwest	28.3	10.9
West	33.3	20.0
All Sections	31.6%	18.2%

TABLE 13
Average Drop in Gallons

	275 Gal. Tanks
New England	167.5
Mid-Atlantic	175.7
South	173.6
Midwest	181.8
West	174.8
All Sections	174.7
	550 Gal. Tanks
New England	348.1
Mid-Atlantic	350.6
South	355.5
Midwest	356.8
West	354.2
All Sections	353.0

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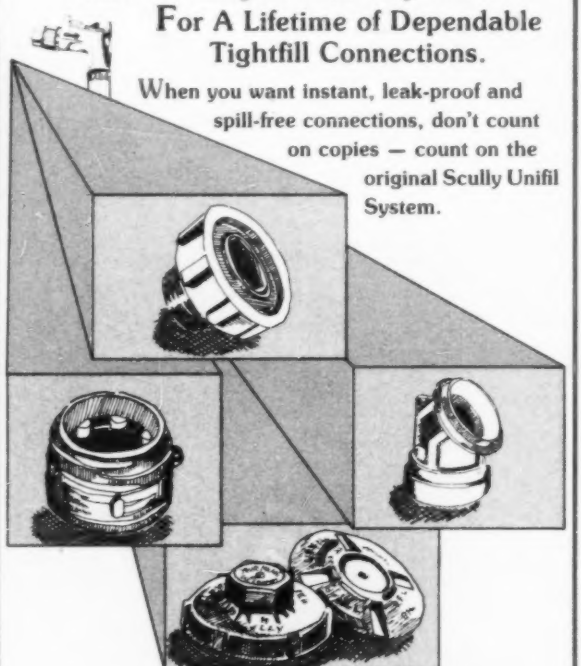

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Mid:Com 6500 Data Recorder

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DATA INTERFACE DEVICE will allow you to use the **MID:COM 6500 System** with virtually ANY host computer (nearly all computers have the necessary RS-232C port or can be equipped with one). The tape from the day's transactions are automatically transferred to the customer's file to eliminate nearly all bookkeeping and errors!

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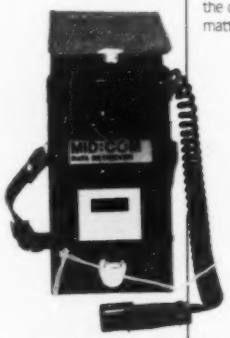
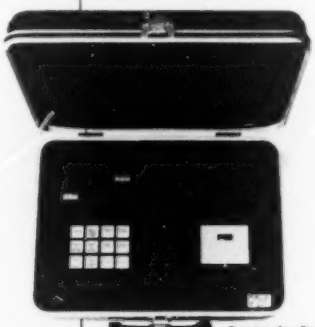


Mini-cassette recorder for data retrieval



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apartments. Actually, the fifth category—"other"—isn't shown. This group, representing 2.9% of dealer customers, consists mostly of agricultural.

Revenues & Earnings

Tables 7 & 8 also show little change from last year, although we didn't ask these questions back in Survey #1. Just over half (53.7%) of the dealers surveyed grossed between $1 million and $5 million, with another one-quarter (24.3%) grossing less than $1 million. Last year, the percentages in these categories were 40.5% and 29.5%, respectively. More Southern dealers moved into the $1-5 mil. category with fewer grossing less than $1 million. Last year, 40% grossed less than $1 million in the South, vs. just 25% this year. Southerners grossing between one and five million jumped up from 20% last year to a full 50% this year. Otherwise, there wasn't much regional movement in Table 7 this year vs. 1986.

TABLE 14
Percent Using Two-Way Radios

New England	**71.7%**
Mid-Atlantic	**61.4**
South	**40.0**
Midwest	**43.5**
West	**73.3**
All Sections	**58.0**

TABLE 15
Percent of dealers trading on the futures market

New England	**8.7%**
Mid-Atlantic	**15.9**
South	**15.0**
Midwest	**6.5**
West	*
All Sections	**9.2%**

*Less than .1%

TABLE 16
Percent of Dealers Operating Bulkplants

	Percent with Bulk-plants	Percent with Bulk-plants storing other products
New England	**60.9%**	**60.7%**
Mid-Atlantic	**70.5**	**74.2**
South	**95.0**	**73.7**
Midwest	**91.3**	**78.6**
West	**66.7**	**90.0**
All Sections	**76.9%**	**75.4%**

Similarly, Table 8 is fairly consistent with 1986. More dealers earn less than $50,000 than the other categories, with the percentages dropping off in direct relation to the dollar figures. Again, no surprises here and no regional changes worth mentioning.

Computers

Back in 1978 when we devised this survey, the question of whether dealers were using EDP was important. Computers were relatively new in the oil heating industry at that time. Petroleum Data Corp. ("Petrodata") was the major supplier, with "on-line" and "batch" services the most popular computer options. About 38.3% of the dealers surveyed in 1978 used computers in their operation, and obviously that percentage has grown steadily in the ensuing years as the need to use EDP as a financial and management tool has become increasingly necessary. This year, 63.5% of the dealers completing the questionnaire said they use computers in their operation. See Table 9. This is slightly less than the 66% so stating last year, although the drop is probably just a statistical quirk and not indicative of any reversal trend.

As mentioned, back in '78 we were interested in whether dealers were using in-house mini's or micro's, but obviously this is now *passe* so we've changed the questions to concentrate on the applications for which computers are most used. Table 10 shows the results, which are virtually identical to last year. Accounts receivable & billing leads the applications, followed by general ledger and accounts payable. Actually, inventory reconciliation edged past payroll this year and excise tax reporting slightly outpointed scheduling. These are about the only differences from last year.

There are fewer asterisks this year, indicating categories in which fewer than .1% of the respondents so indicated. That means that more dealers are using computers for a variety of applications.

The Rolling Stock

Where would a heating oil dealer be without a fleet of delivery trucks? Because of their importance, we've asked a number of questions relating to the rolling stock, including the numbers, sizes and age, as shown in Tables 11 and 12.

The average number of delivery trucks per dealer hasn't changed much over the history of our study. In 1978, our respondents had an average of 5.1 trucks. Last year, the average was 4.8 trucks-per-dealer, and this year, it's 4.6. So in a decade, dealers have reduced their fleets by an average of one-half truck. With the average number of customers remaining somewhat constant during the decade, the reduction could represent an increase in efficiency, or simply a statistical variation.

Dealers have an average of 1.3 tractor-trailers in addition to their delivery trucks. This is virtually identical to the 1.4 posted last year. We instituted the trailer question in 1979, and the first time we asked, dealers said they had an average of 0.7 trailers.

Back to delivery trucks, the average size of the largest truck in dealer fleets is about 2,800 gals. The number is actually 2,833, but who ever heard of a truck that size. The smallest truck in dealer fleets

TABLE 17
Average Storage Capacity

	No. 2 Diesel	Gasoline	Lpg	Kerosene
New England	140,357 gals.	19,750 gals.	19,875 gals.	11,000 gals.	11,000 gals.
Mid Atlantic	188,000	59,800	71,567	12,167	20,455
South	35,447	30,000	31,778	I.D.	21,444
Midwest	48,857	20,000	40,462	42,130	34,600
West	98,000	I.D.	50,778	I.D.	I.D.
All Sections	***102,132 gals.***	***32,388 gals.***	***42,892 gals.***	***21,766 gals.***	***21,625 gals.***

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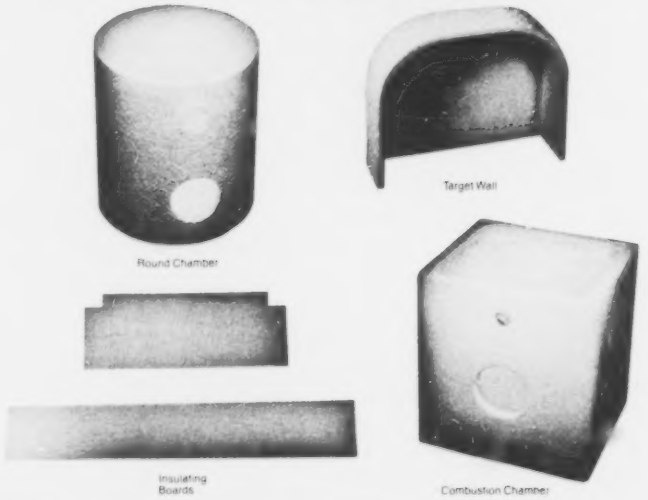

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averages about 2,000 gals. Last year, these figures were, respectively, 2,880 and 1,844—or 2,900 and 1,800. Thus, the largest is getting a bit smaller and the smallest is getting somewhat larger. Dealers say the optimum is about 2,500 gals. This hasn't changed much since last year.

In our first survey, dealers said the average size of their largest trucks was 2,772 gals. The average for the smallest was 1,793 gals. That's virtually identical to the current figures, suggesting that there hasn't been much movement in this area, despite technological improvements and government regulations which affect sizes and weights. The op-

TABLE 18
Percent of Dealers Using Additives

	Percent Using Additives	Blended at Bulkplant	Blended on Trucks	Blended in Customer Tanks
New England	32.6%	33.3%	53.3%	40.0%
Mid-Atlantic	43.2	31.6	57.9	10.5
South	40.0	44.4	*	55.6
Midwest	32.6	86.7	6.7	6.7
West	26.7	50.0	25.0	25.0
All Sections	35.0%	49.2%	28.6%	27.6%

*Less than .1%

TABLE 19
Percent of Fuel Oil Dealers That Sell, Install and/or Service All Types of Heating/Cooling Equipment

New England	89.1%
Mid-Atlantic	59.1
South	25.0
Midwest	34.8
West	46.7
All Sections	50.9%

TABLE 20
Sources of Business Income
(Percent of Dealers Reporting)
HEATING EQUIPMENT

	Retail	Wholesale
New England	73.9%	17.4%
Mid-Atlantic	56.8	13.6
South	25.0	10.0
Midwest	32.6	6.5
West	46.7	13.3
All Sections	47.0%	12.2%

	A/C	Other
New England	15.2%	26.1%
Mid-Atlantic	22.7	15.9
South	30.0	5.0
Midwest	17.4	4.3
West	20.0	13.3
All Sections	21.1%	12.9%

TABLE 21
Trends of Equipment Sales
Past 12 Months
(Percent of Dealers Reporting)

	Residential Up
New England	61.0%
Mid-Atlantic	76.0
South	80.0
Midwest	37.5
West	44.4
All Sections	59.8%

	Commercial Up
New England	31.7%
Mid-Atlantic	54.5
South	20.0
Midwest	18.8
West	11.1
All Sections	27.2%

TABLE 22
Percent of Fuel Oil Dealers That Sell, Install and Service Selected Heating/Cooling Equipment

Residential

	Oil Burners	Gas Burners	Domestic Hot Water	Boilers	Hydronic Systems
New England	97.5%	10.0%	87.5%	62.5%	75.0%
Mid-Atlantic	100	41.4	79.3	69.0	69.0
South	80.0	80.0	60.0	20.0	40.0
Midwest	90.9	45.4	54.5	45.4	45.4
West	100	22.2	55.6	44.4	22.2
All Sections	93.7%	39.8%	67.4%	48.3%	50.3%

Commercial/Industrial

	Oil Burners	Gas Burners	Domestic Hot Water	Boilers	Hydronic Systems
New England	72.5%	25.0%	52.5%	42.5%	30.0%
Mid-Atlantic	72.4	34.5	51.7	62.1	44.8
South	60.0	20.0	10.0	10.0	10.0
Midwest	63.6	27.3	18.2	9.1	9.1
West	55.6	33.3	22.2	44.4	22.2
All Sections	64.8%	28.0%	30.9%	33.6%	23.2%

timum in '78 was 2,622 gals.

As we explain every year, the national statistics for tank sizes are fairly meaningless, as are sectional figures. This is because the specific territory served by a dealer dictates the size trucks used, and this can be very different in urban vs. suburban vs. rural areas, even though they are in the same region.

For whatever value, Midwestern dealers have the smallest trucks, with the range between 2,100 gals. on the high side to 1,800 for smallest (for an overall average of 1,987 gals.). New England dealers have the largest, from 3,120 on the largest end to 2,337 for the smallest (an average of 2,728 gals.). Nationally, the overall average (dividing the sum of the largest and smallest) is 2,413 gals.

More dealers are now using diesels than our first survey indicated. Back in 1978, only about 6.3% of the dealers surveyed had diesel-only fleets, plus another 29.4% who had both diesel and gasoline fleets, for a total of 35.7% who used diesels. This year, 24.5% have diesels only. Another 46.3% have both diesels and gasoline. This means that 70.8% have diesel trucks in their fleets, double what existed 10 surveys ago. The regional percentages mirror this dramatic shift, particularly in the South and Midwest, where 1978 figures showed just 27.7% of Southern dealers and 22.1% of Midwestern dealers used diesels. Compare that to the 1987 percentages: 50% in the South and 45.6% in the Midwest!

Which do dealers prefer (but not necessarily own)? Nationally, the edge is decidedly diesel, with 57.9% of all dealers saying they like diesels better than gasoline-powered trucks. Only 25.7% said they preferred gasoline. The remainder apparently don't give a hoot. Regionally it ranges from a high of 82.9% in New England to a low of 37% in the Midwest. These figures haven't changed much from 1986, but in 1978, the overall percentages on preference were a lot closer—47.5%

TABLE 23
Percent of Fuel Oil Dealers That Sell, Install and Service Selected Heating/Cooling Equipment

Residential

	Unitary A/C	Electric Resistance	Insulation	Solar
New England	7.5%	2.5%	5.0%	10.0%
Mid-Atlantic	34.5	3.4	3.4	13.8
South	*	*	20.0	20.0
Midwest	18.2	9.1	*	*
West	22.2	*	*	22.2
All Sections	16.5%	3.0%	5.7%	13.2%

Commercial

	Unitary A/C	Electric Resistance	Insulation	Solar	Refrig-eration
New England	27.5%	*	*	2.5%	2.5%
Mid-Atlantic	10.3	*	*	3.4	*
South	10.0	*	10.0	*	*
Midwest	*	*	*	*	*
West	22.2	*	*	*	*
All Sections	14.0%	*	2.2%	1.2%	0.5%

*Less than .1%

TABLE 24
Percent of Fuel Oil Dealers That Sell, Install and Service Selected Heating/Cooling Equipment

Residential

	Furnaces	Warm Air Systems	Central A/C	Heat Pump	Continuous Air Circula.
New England	90.8%	82.5%	30.0%	7.5%	2.5%
Mid-Atlantic	96.6	75.9	48.3	3.4	*
South	80.0	80.0	60.0	10.0	40.0
Midwest	81.8	63.6	27.3	9.1	*
West	100	55.6	44.4	11.1	11.1
All Sections	91.0%	71.5%	42.0%	8.2%	10.7%

Commercial

	Furnaces	Warm Air Systems	Central A/C	Heat Pump
New England	52.5%	27.5%	7.5%	*
Mid-Atlantic	55.2	37.9	27.6	*
South	60.0	40.0	40.0	40.0
Midwest	72.7	18.2	27.3	*
West	55.6	33.3	44.4	22.2
All sections	59.2%	31.4%	29.4%	12.4%

*Less than .1%

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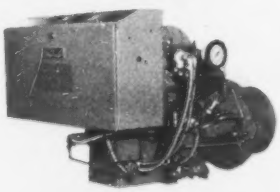

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for diesel vs. 35.1% for gasoline.

Aluminum or steel? Aluminum's lighter, thus enabling larger loads, but it's more expensive, although that difference is shrinking. Dealers say they're using more steel, although more prefer aluminum. Nationally, 44.1% said their fleets are steel tank only plus another 35% with both, for a total of 79.1% with some steel vs. 18% aluminum-only plus 35% with some, or a total of 53% with some aluminum. A majority (50.6%) prefer aluminum nationwide. The Midwest is the only region which differs from the national trend. Some 45% of the Midwestern dealers prefer steel, compared to 25% who like aluminum better.

Back in 1978, 63.3% of the fleets nationally were steel-only, 18% were aluminum-only, with the remaining 18.7% both. Some 46.5% of the dealers then preferred aluminum, and 36.4% preferred steel. The bottom line seems to be that about 15% of the dealers in '78 had no preference, which is about the same as today. Of those with an opinion, a few more like aluminum now than then.

As mentioned, there isn't much change in tank material usage or preference in 1987 vs. 1986.

It is interesting to compare the age of dealer trucks over the past 10 years since we first asked this question. In 1978, the average age of the *oldest* truck in dealer fleets was 10 years. In the current survey, the age is 14 years! The average age of the *newest* truck back in '78 was just three years. Now that figure is five years.

These comparisons graphically demonstrate the problems which the industry endured during the early 1980's when oil prices skyrocketed and customers converted to gas *en masse*. Dealers put off buying new trucks because of the cash flow crunch, which sent the tank truck industry into a tailspin.

Comparisons with last year suggest that the industry is in much better shape. The average age of the oldest truck in dealer fleets remained about static (1972.3 average year in 1986 vs. 1973.1 this year). The average age of the newest truck rose somewhat (1980.6 last year vs. 1982.7 in the current survey). In other words, the age of the oldest stayed at about 14 years while the age of the newest went from about six years to approximately five.

Somewhat fewer dealers say they plan to purchase a new truck in the next 12 months than so stated on our last survey. That figure, 31.6% compares with 40.1% last year. Not that it's of much consequence, but back in '78, 29.4% said they planned to buy a new truck. Another 18.2% plan to put a new tank on an existing chassis, this is also down somewhat from the 23.9% who planned to do so last year (11.1% in '78).

New Englanders are the leading potential buyers this year, with 41.5% saying they plan to purchase a new truck and another 24.4% indicating they will replace a tank. Mid-Atlantic dealers trail in the buying department.

It must be pointed out that these statistics can be misleading. While 10 dealers may each buy one truck, one dealer could theoretically buy 20 trucks, thereby making the percentages less meaningful. As more Petro-type dealers emerge, this becomes more of a reality.

Deliveries

How well do dealers perform in operating their trucks? Table 13 presents what dealers say is their average drop to customers with 275's and 550's. Some of the specific answers received were laughable and were wishful thinking by the dealers who said they averaged, for example, 250 gal. drops or more on 275's. We threw some of these figures out so we didn't taint the results.

The averages have dropped over the years, which is surprising in the face of new technology in computerization, delivery techniques and oil handling equipment. Back in 1978, dealers average drops for 275's was 190 gals.; for 550's it was 368 gals. Today those averages are 174.7 gals. and 353 gals., respectively.

Use of two-way radios continues to be a tool employed by a majority of dealers. Some 58% of the dealers surveyed said they equip their trucks with radios, as shown in Table 14. Last year, 64.3% so responded, but the decrease is probably just a statistical variation.

Real vs. Paper Product

Trading in product futures has grown in popularity over the years, but dealers still have to rely on real product so a majority operate bulkplants.

Table 15 shows the percentage of dealers who are using the futures market to hedge prices (and perhaps obtain product). Nationally, the figure is 9.2%, virtually identical to the 9.4% on last year's survey. Regionally there were larger swings. The New England region went from

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HERE'S A NEW TAX LAW TIP

Generally, the new tax law requires children and other dependents to file tax returns for 1987 if:

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- this investment income plus any wages is more than $500.

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more than 20% last year to just 8.7% this year. The South jumped from almost no one to a full 15%. And the 5% who were trading futures in the West last year evidently got out of the market this year, with a result of a virtual zero posted for 1987. The Mid-Atlantic, the closest market to the New York Mercantile Exchange, which is the only U.S. exhange now trading oil futures, went up three percentage points, from 12.5% last year to 15.9% in 1987.

Heating oil futures began trading

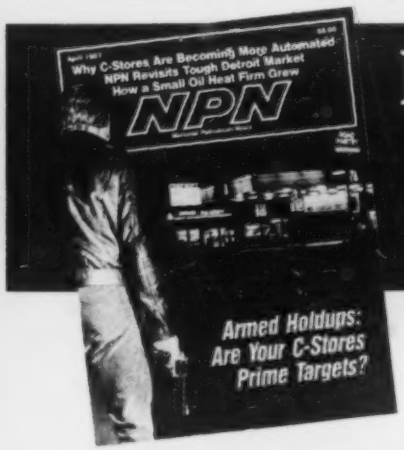
TABLE 25
Average Number of Units Installed in Past 12 Months

	Residential			Commercial		
	Burners	Boilers	Furnaces	Burners	Boilers	Furnaces
New England	50.9	29.6	17.3	4.2	3.6	2.5
Mid-Atlantic	52.8	25.0	15.8	14.7	2.9	2.0
South	4.0	1.2	23.0	I.D.	I.D.	I.D.
Midwest	11.6	3.0	27.3	I.D.	I.D.	I.D.
West	70.3	3.2	25.2	9.5	6.0	4.0
All Sections	37.9	12.4	21.7	9.5	4.2	2.8

I.D.—Insufficient Data

TABLE 26
The Service Department

	Have Service Depts.	Avg. No. Calls per Year	Value of Parts/Inv.	Service Dept. Profitable	No. of Technicians	No. of Service Vans
New England	87.0%	1385	$26,132	40.0%	3.8	4.0
Mid-Atlantic	63.6	2575	18,562	42.9	5.5	5.0
South	45.0	1134	15,500	55.6	2.5	2.5
Midwest	32.6	742	12,167	60.0	2.3	2.2
West	60.0	1978	9,300	55.6	3.9	3.6
All Sections	57.6%	1563	$16,332	50.8%	3.6	3.5



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in November of 1978, so we didn't ask that question on our first survey. The first time we asked about futures trading was in 1981, and almost none of our respondents indicated they were dabbling in futures then. However, slowly they are recognizing the hedging value of futures trading, although a number have tried speculating on the market, often with catastrophic results.

More than three-quarters of our panel operate bulkplants, storing an average of more than 100,000 gals. of No. 2 oil. And of those who operate bulkplants, 75.4% store products other than No. 2, including diesel, gasoline, resid, propane and kerosene.

The bulkplant questions were first asked last year, and there is a significant change in some of the storage figures, mainly due to changes made in calculating the average.

TABLE 27
Percent of Dealers Losing Customers to Gas Heat

	Percent Losing Customers	Average No. Cust. Lost
New England	65.8%	8.3
Mid-Atlantic	79.3	44.1
South	30.0	13.4
Midwest	100	7.5
West	46.7	23.4
All Sections	64.4%	19.3

In any event, Southern dealers seem to most frequently have bulkplant facilities, with 95% reporting that they have storage tanks. New Englanders are the least inclined to have bulkplants—only 60.9% of the time. New England dealers are also the least likely to store more than No. 2 oil (60.7% of dealers with bulkplants). Western dealers have the most diversified storage (90%).

In 1986, 83.8% of the dealers reporting said they had bulkplants, with 86.5% of these storing more than just No. 2. However, since we did change the analysis, the comparisons are not "apples with applies."

Dealers said that, in addition to the 100,000 gals. of No. 2 stored, they also have bulkplant facilities for about 32,400 gals. of diesel, 42,900 gals. of gasoline, 21,700 gals. of Lpg and 21,600 gals. of kerosene. Mid-Atlantic dealers had the largest No. 2, diesel and, surprisingly, gasoline storage. The Midwest led in kerosene and Lpg.

Additives

Another series of questions we asked for the first time last year concerned the use of additives. These questions were asked because of the increasing concern over fuel quality. What we discovered was that while virtually every dealer complained about fuel inconsistency, less than half of them were taking steps to correct the situation. Only 38.7% of the

TABLE 28
Percent of dealers indicating gas conversions are a major threat to their business and what they're doing about it

	% Saying Gas is A Major Threat	% Taking Steps To Combat Gas	% Making Conversion to Gas
New England	40.0%	50.0%	10.3%
Mid-Atlantic	51.7	72.4	65.5
South	20.0	15.0	5.0
Midwest	66.7	50.0	33.3
West	46.7	46.0	20.0
All Sections	45.0%	46.7%	26.8%

TABLE 29
Percent Recommending Furnace/Boiler Replacement Under

	New England	Mid-Atlantic
Boiler leaks	89.5%	89.7%
Operating with no problems, but old & inefficient	71.1	69.0
Furnace/boiler gives continuous problems	65.8	62.1
Furnace emits fumes	71.1	58.6
Furnace/boiler breaks down	60.5	41.4
Homeowner objects to heating bills	42.1	41.4
Furnace/boiler is inefficient (not necessarily old)	52.6	34.5
Homeowner threatens to convert to another fuel	36.8	44.8

dealers responding in 1986 said they used additives. This year, that figure has dropped to 35%, as shown in Table 18. Mid-Atlantic dealers are more likely to use additives (43.2%); just 26.7% of Western dealers use additives.

Most dealers blend the additives at the bulkplant (49.2%) with on-the-truck and in-customer-tanks running about neck-and-neck.

The "Fire" Side

Having explored the various oil handling aspects of marketing operations, let's now turn our attention to the heating equipment side of the business. This is the area of oil heat marketing where regional differences abound. Traditionally, East Coast (New England and Mid-Atlantic) and Northwestern marketers are heavily committed to equipment sales, installation and, principally, service. Midwestern dealers have always lagged behind in this department, and Southern oil heat people have been kind of in the middle.

You can go back to almost any issue of *Fuel Oil News* during the past 52 years of its publication and find some reference to the need for marketers to service equipment. What these references will urge is that service is the oil heat industry's principal weapon against utility competition. Despite this, many marketers have succeeded without offering much in the way of equipment service. The majority of marketers, however, have offered service to their customers, much of the time as a loss-leader to insure their continued oil business.

Table 19 reveals the percentage of our sample who are committed to servicing the "machines which eat" the fuel that marketers sell. Nationally, a simple majority are so inclined. This figure has fluctuated up and down over the years and in 1986 was 10 points lower, at 40.3%. Back in 1978, it was 73.7%.

Despite the fact that it is the Midwest which traditionally had the lowest percentage of companies involved in equipment, this year it is the South which comes in last. Just 25% of our Southern panelists said they handle equipment. The Midwestern figure is at 34.8% this year. In 1986, just 11.4% of the Midwesterners we polled said they handled equipment, along with 16.7% of the Southerners. So both these regions show significant gains this year, a principal factor responsible for bringing the national figure up 10 points over 1986.

Actually, only the Mid-Atlantic figure is lower than last year. In 1986, 62.5% of the Mid-Atlantics said they handled equipment, compared with only 59.1% this year. This is unusual because this is the area in which the Metropolitan Energy Council's message is most often heard, currently centered on the "I'll be right over service" theme.

Retail heating equipment sales is the largest source of business income for our dealers, as shown in Table 20. Nationally, 47% of dealers derive income from retail heating equipment sales. This compares with 44.7% who gave the nod to this question last year. The regional figures here tend to mirror Table 19, with New England dealers most heavily involved in retail heating equipment sales and Southern dealers bringing up the rear.

Another 12.2% (although there is some cross-over here) sell heating equipment to other dealers and HVAC contractors. Some 21.1% handle air conditioning equipment as well, along with 12.9% who are involved in "other" operations, from selling Cub Cadet tractors to servicing swimming pools. These categories were all ahead of the percentages posted last year.

How is business in these areas? Table 21 shows that 59.8% said that residential equipment sales were up this year over last. Surprisingly, the Southern dealers saw the biggest gain in this department, with fully 80% saying their equipment sales increased in 1987. Last year, we didn't have enough data to calculate the Southern response in this category, but overall, 58.7% of the dealers nationwide said residential sales were up.

On the commercial side, 27.2% said equipment sales were better in 1987 than last year. In '86, 22.6% had a better year than the one before that. The dealers in the Mid-Atlantic lead in commercial equipment sales improvement, with more than half

Following Conditions

South	Mid-West	West	All Sections
80.0%	83.3%	100%	86.5%
100	66.7	87.5	78.9
80.0	66.7	87.5	72.4
10.0	83.3	62.5	57.1
20.0	66.7	50.0	47.7
10.0	50.0	75.0	43.7
10.0	33.3	75.0	41.1
10.0	16.7	62.5	34.2

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(54.5%) saying that business is better this year.

Who Sells What

Tables 22, 23 and 24 break down the types of equipment sold by those dealers who said yes in Table 19. Not surprisingly, oil burners are sold by the greatest percentage, both on residential and commercial levels. A whopping 93.7% of all dealers who sell equipment handle residential oil burners. And 64.8% said they also sell commercial oil burners.

Coming in a close second are furnaces, which are sold by 91% (residential) and 59.2% (commercial) of our panel. Fewer than 50% of the dealers polled (48.3%) said they sell boilers, which is unusual considering the fact that the Northeast is supposedly "overwhelmingly hydronic heat."

Although the actual numbers in the various categories of these three tables have obviously changed since last year, the rankings have stayed pretty much the same, and in fact have not changed much since we first began asking these questions back in Study #1.

Although more dealers said they handle equipment this year, the average number of units sold, as shown in Table 25, is lower than last year's figures in most categories. Residential burners, for example, dropped from an average of 70.7 per dealer in 1986 to just 37.9 this year. On the plus side, we were able to get enough information from Southern and Midwestern dealers to include them in this table. Last year, they were left out due to insufficient data. Residential boilers and furnaces are also down from the 1986 averages, and the same is true for commercial boilers and furnaces. The only category which has an increase is commercial burners, which rose from an average of 6.3 in 1986 to this year's 9.5. Unfortunately, we still didn't get enough hard data from the Southerners and Midwesterners polled to include them on the commercial side.

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Service

The percentage of firms which service their customers' heating systems has also increased this year. Nationally, 57.6% of our respondents said they have in-house service departments, as evidenced by the figures in Table 26. Last year, just 39.2% so stated. Tradition holds here, with Midwesterners having the fewest service departments (32.6%).

Service departments made an average of 1,563 calls during the past heating season—which was considered normal to slightly warmer-than-normal in most areas of oil heat land. This average is down from the 2,101 call mark published in our last survey. These service questions weren't asked on our initial 1978 edition, so we can't make any long-term comparisons.

In addition to the cost of service technicians, supervisors, vans and overhead, dealers carried an average of $16,332 in parts inventory this year, employed 3.6 technicians who drove 3.5 vans. These figures are all pretty comparable to the 1986 totals. Somewhat fewer, 50.8% this year vs. 56.7% in 1986, said that their service departments were profitable.

Competing With Utilities

Gas heat still represents a major competitive force for most heating oil dealers, as shown in Tables 27 and 28. Nationally, nearly two-thirds of our panel (64.4%) said they have lost customers to gas heat this past year. In fact, the average number of losses is nearly 20 customers (19.3). Quite naturally, the Midwestern dealers are the most sensitive to gas competition, since they have been hurt the most in the past. Fully all of the Midwestern

dealers polled said that they lost customers to gas heat, although the average is the lowest of all regions. Perhaps this is due to the law of diminishing returns—there aren't that many Midwestern oil heat customers left to raid.

Two-thirds of the Midwestern dealers say that gas is a major threat to their survival, compared to a national average of just 45%. The Southern dealers seem to be the least concerned, with only 20% responding that gas heat is a major threat. Only 30% said they have lost customers to gas.

A somewhat smaller percentage of dealers nationwide lost customers to gas heat in 1987 compared to 1986 (64.4% vs. 73.5%). The average number of customers lost was also down—19.3 vs. 23.4. The number of dealers who say gas is a major threat is about 3.3% below the percentage posted last year, and about 6% fewer dealers are taking steps to combat gas than were doing so in 1986. By the same token, only 26.8% said they will actually make the physical conversion to gas heat for the dissatisfied customer, compared with 36.8% who made conversions in 1986.

Why Recommend New Equipment

Table 29 shows the circumstances under which dealers will recommend that their customers replace their boilers or furnaces. No surprises here this year—the same circumstances have held the same order pretty much since we first asked this question five or six years ago. Leaking boilers is the no. 1 reason for replacing a heating system, followed by having an old, inefficient unit.

When dealers do recommend replacement of equipment, about two-thirds make specific brand recommendations. This recommendation is followed by customers nearly 90% of the time (89.6%). Again, these figures haven't changed much from last year or from any year since we first asked these questions. (See Table 30).

What factors influence dealers in selecting brands to recommend? Quality of construction is the most often mentioned factor, as shown in Table 31. Combustion efficiency is second. These rankings were the same last year. Ease of service, which was fourth in 1986, edged up a notch this year, dropping low incidence of service requirement down a peg. A couple of the other factors changed ranking somewhat, but are pretty far behind the leaders in terms of the total percentage of dealers who mention them.

Gasoline Marketing

The percentage of oil heat marketers also involved in gasoline has grown steadily since our first survey back in 1978. Therefore, we began to ask about gasoline and related operations a few years ago. As shown in Table 32, oil heat marketers also operate about 3.2 gasoline outlets (that is, those dealers who do handle gasoline). Most of these outlets pump less than 50,000 gal. per month (45.2%), as documented in Table 33.

Table 34 rounds out our motor fuel questions. It provides a percentage of gasoline outlets which offer the products/services indicated. Again, these figures differ from last year, but the rankings are virtually identical. . .sale of cigarettes and soda has always been the most popular product, etc.

Still the One

Our final table has traditionally been a self-serving one—an attempt to determine which publications are most important to marketers. It is very gratifying that *Fuel Oil News* has come out on top every year. As a

TABLE 30
Brand Name Specifications
(Percentage of dealers who recommend equipment replacements by brand)

	% Recommend Brand Name	% of Customers Following Recommendations
New England	71.1%	92.6%
Mid-Atlantic	62.1	87.6
South	100	91.3
Midwest	50.0	I.D.
West	53.3	86.8
All Sections	67.3%	89.6%

I.D.—Insufficient Data

TABLE 32
No. of Retail Gasoline Outlets

New England	I.D.
Mid-Atlantic	5.1
South	2.3
Midwest	2.7
West	2.8
All Sectors	3.2

I.D.—Insufficient Data

TABLE 31
Percent Indicating Major Factor in Brand Selection

	New England	Mid-Atlantic	South	Mid-West	West	*All Sections*
Quality of construction	65.1%	82.8%	100 %	66.7%	90.9%	81.1%
Combustion efficiency	50.9	69.0	100	66.7	81.8	73.7
Ease of service	23.8	58.6	83.3	*	45.5	42.2
Low incidence of service requirements	23.6	41.4	33.3	50.0	36.4	36.9
Durability	19.5	13.8	50.0	*	27.3	22.1
Low retail price	4.8	13.8	33.3	33.3	9.1	18.9
Long warranty	6.3	13.8	33.3	*	36.4	18.0
Quietness	*	3.4	33.3	*	27.3	12.8
Compactness	2.1	6.9	33.3	16.7	*	11.8
High markup opportunity	1.2	6.9	33.3	*	9.1	10.1

*Less than .1%

matter of fact, every year we seem to inch up a couple of more percentage points ahead of any of the other publications listed, and this year, more than 90% of the dealers surveyed said that our magazine is the most helpful to them in operating their fuel oil business.

Last year, we were also gratified to report that our two sister publications, *National Petroleum News* and *Petroleum Equipment*, ranked second and third, respectively, in the hearts of our panelists. Unfortunately, this year the "other" publication crept into second place, despite our advertising department's demand for a recount.

Still, the spread between *FON* and any other industry publication is impressive. Our new look and renewed commitment to industry reporting are areas which other market research said would win us new friends. Evidently, this research was correct.

The Bottom Line

That, then, is our 10th annual market analysis. There weren't many surprises or deviations from last year. This certainly suggests stability in the industry, a welcome relief from the years of turmoil we have endured over the past decade.

How long this "peaceful" situation will endure is questionable. Utility competition has been relatively quiet for the past few years and can be expected to pick up again at any time. Middle East unrest is playing havoc with world oil prices, as well as driving the stock markets wild. The presidential elections in '88 will also add to economic uncertainty. In short, to paraphrase the Chinese admonition, expect to "live in interesting times."

TABLE 33
Average Gasoline Volume Per Station
(Percent Reporting Such Capability)

	Less than 50,000/ Month	50-75,000/ Mo.	75-100,000/ Mo.
New England	I.D.	I.D.	I.D.
Mid-Atlantic	37.5%	37.5%	25.0%
South	71.4	28.6	*
Midwest	38.5	38.5	23.1
West	33.3	33.3	33.3
All Sectors	45.2%	34.5%	20.4%

*Less than .1%
I.D.—Insufficient Data

TABLE 34
Services Offered at Retail Outlets
(Percent Reporting Such Offerings)

	Check Cashing	Auto Service	Fast Food-Deli	TBA	Lottery Tickets	Beer Wine	Bakery Goods	Canned Goods	Cigarettes Soda
New England	I.D.	I.D.	I.D.	I.D.	I.D.	I.D.	I.D.	I.D.	I.D.
Mid-Atlantic	62.5%	25.0%	50.0%	25.0%	37.5%	37.5%	75.0%	62.5%	100%
South	75.0	75.0	75.0	75.0	25.0	50.0	50.0	75.0	100
Midwest	30.8	30.8	61.5	38.5	38.5	46.2	53.8	46.2	61.5
West	50.0	50.0	25.0	50.0	25.0	25.0	25.0	25.0	50.0
All Sectors	54.6%	45.2%	52.9%	47.1%	31.5%	39.7%	51.0%	52.2%	77.9%

*Less than .1%
I.D.—Insufficient Data

TABLE 35
Industry Publication Most Helpful to Dealers In Operating Their Fuel Oil Business.
(percent reporting)

	New England	Mid-Atlantic	South	Midwest	West	*All Sections*
Fuel Oil News	93.2%	91.1%	95.0%	87.8%	86.7%	90.8%
Fueloil & Oil Heat	45.5	42.2	25.0	19.5	26.7	31.8
Nat'l. Petroleum News	13.6	26.7	25.0	29.3	20.0	22.9
Petroleum Marketer	6.8	11.1	5.0	4.9	13.3	8.2
Other	4.5	13.3	5.0	9.8	6.7	7.9
Petroleum Equipment	6.8	4.4	15.0	9.8	*	7.2
Pet. Mktg. Mgmt.	6.8	11.1	*	17.1	*	7.0
Oil Daily	6.8	2.2	5.0	4.9	6.7	5.1
Oil Express	2.3	2.2	5.0	4.9	6.7	4.2
Contractor	2.3	6.7	*	2.4	*	2.3
The Lundberg Letter	2.3	*	*	2.4	*	0.9
Snips	2.3	*	*	2.4	*	0.9
Platt's Oilgram	2.3	*	*	2.4	*	0.9

*Less than .1%